

# CPUC's Action on Global Warming



"California will be a global leader in reducing greenhouse gas emissions and developing the technological and policy solutions that enable us to fight global warming while maintaining our economic growth and our high living standards."

-- Michael R. Peevey, President  
California Public Utilities Commission

The California Public Utilities Commission (CPUC) plays a central role in advancing clean energy solutions and taking action to reduce the effects global warming. The CPUC is responsible for the regulation of investor-owned utilities, including gas, electricity, telephone, and water, to ensure the delivery of stable, safe and economic services.

Serving consumers, businesses and the environment, the CPUC:

- Regulates utility rates and consumer services
- Promotes energy efficiency and resource conservation
- Establishes policies to advance innovation and the deployment of low-carbon technologies

## Cleaner electricity production is essential to fight global warming.

The CPUC responds to the challenges and risks presented by global warming with leadership and action to reduce greenhouse gas emissions in the electric utility sector. The CPUC is responsible for a number of energy-related policies and initiatives that benefit consumers and the economy.

## Energy Efficiency is the highest priority resource.

### Energy Efficiency

The CPUC launched the most ambitious energy efficiency and conservation campaign in the history of the United States. The agency allocated almost \$3 billion in funding for energy efficiency programs in 2006-2008. The CPUC works to remove barriers for utility efforts to promote energy efficiency among consumers.

California's "**decoupling**" policy ensures that utilities retain expected earnings even as energy efficiency programs reduce sales.

- This removes basic disincentives to promoting energy efficiency and conservation for utilities. California stands as a global leader in energy efficiency programs and investments.

## Renewable energy is the preferred supply-side solution.

### Renewable Energy

California has the most ambitious goals in the nation for renewable energy. The State's Renewable Portfolio Standard requires utilities to obtain 20 percent of their power from renewable resources by 2010. Senate Bill 107 implemented this mandate into state law. The CPUC oversees utility progress toward this goal and identifies steps toward meeting the Governor's target of 33 percent by 2020.

## Taking action to fight global warming for California's people and economy.



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"We are the first PUC in the nation to squarely address the issue of climate change as it relates to all of our regulated utilities. This is an unprecedented and much needed step in the US and I am pleased that we are leading the change on this important issue."

-- Michael R. Peevey, President

Policies to reduce emissions and support low-carbon energy production are necessary for an effective response to global warming.

## Emissions Performance

- In 2007, the CPUC instituted a new greenhouse gas Emissions Performance Standard to regulate contracts with electricity generation facilities. Mandated by Senate Bill 1368 (SB 1368), the standard, also known as the "EPS," ensures that any long-term power commitments to meet California's energy needs are at least as clean as California's existing energy portfolio. This standard prevents new power contracts that increase emissions while a statewide program to limit emissions is designed and implemented.
- The CPUC's 2004 "Greenhouse Gas Adder" policy requires investor-owned utilities to account for the financial risk associated with greenhouse gas emissions when evaluating new long-term resource investments. This additional cost consideration of \$8 per ton of carbon dioxide in long-term planning or procurement (five years or more) is now used by the utilities.

## Emerging Technologies

- California's leading energy efficiency practices are combined with significant investment in emerging technologies to ensure promising new technologies develop to meet demand. The CPUC approved \$11 million per year of funding support for emerging energy efficiency technologies for 2006 through 2008.

## Advanced Metering

- The CPUC has authorized distribution tariffs since 2001 to fund utility incentives for customer-owned clean generation such as fuel-cells and solar energy. This is a part of our ambitious plan for replacing conventional customer electric meters throughout California with an Advanced Metering Infrastructure (AMI), giving customers new access to information and greater control over their energy use and bills.

